



Tom DeLay and Texas Campaigns

NOW looks at House Majority Leader Tom DeLay, arguably the most powerful and controversial member of Congress today and at some of his fundraising activities.

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DAVID BRANCACCIO: We now move from innovative and possibly specious -- arguments about executive power to innovative -- and possibly illegal ways to use money to consolidate power. The man who is one of the driving forces of American politics doesn't have much in the way of national name recognition.

Quick, who is the House Majority Leader? The answer is, Tom DeLay, Republican from Texas. They call him "The Hammer." He's very good at enforcing party discipline and very good at attracting buckets of money for the Republican party from big companies. Tom DeLay delivers. And he's proud of it. He even boasted he's 'the most investigated man in America.' You're about to see why, in our story produced by Bryan Myers.

DAVID BRANCACCIO: Republican Tom DeLay has been called, "Congress's undisputed master of the fundraising universe." As majority leader of the House of Representatives, he runs a wide network of campaign funding raising groups.

To give you an idea of how good he is, consider this: during the last election, candidates for the House raised an average of around \$300,000. During a similar period, DeLay's groups raised over 14 million dollars.

Much of the money DeLay raises comes from corporations seeking favors and the Washington lobbying firms who represent them.

LOU DUBOSE: He's the perfect candidate for the business community. And in turn, they're the perfect funders for him.

DAVID BRANCACCIO: Lou Dubose is a journalist who's spent years following DeLay's career. He's currently working on a biography of DeLay.

Would you say the Congressman has found really the intersection between the interests of American business and politics?

LOU DUBOSE: I don't think he has found it. I think he is it. I mean, he has established himself as that intersection.

DAVID BRANCACCIO: DeLay is an unapologetic booster of big business. And he usually gets his way, even if that means bending a few rules. We'll hear more later on allegations that have led to a scandal in Texas -but in Washington, it's been one success after another. Delay scheduled a midnight vote to privatize parts of Medicare. Holding the vote open for three hours until it finally passed was unprecedented.

And when big media companies opposed a bipartisan bill that would limit their growth, DeLay made sure it never got to the floor. Simply put, the House, under his leadership, has aggressively pushed a pro-business agenda.

TOM DELAY (FROM TAPE): This type of overregulation stifles job creation, efficiency, and innovation in this country...

DAVID BRANCACCIO: In fact, DeLay has make a career out of attacking government as the enemy of business.

DELAY ON HOUSE FLOOR FROM TAPE): I've been collecting horror stories about regulations every year I've been in Congress...

DAVID BRANCACCIO: To understand why DeLay denounces big government, Lou Dubose says you need to look at the roots of his political career. In the 1970's, DeLay owned a pest control company in Houston. And he blamed the Environmental Protection Agency for crippling his business.

LOU DUBOSE: In 1978, the EPA banned Myrex, which was a very effective pesticide to kill fire ants. DeLay went crazy. With that he began railing against the EPA. He ran on Myrex. He ran on, "I'm going to get government off your back." And then deregulation became his theme.

DAVID BRANCACCIO: And over the years, it's been the theme DeLay has come back to time and time again. After the Republicans took control of the house under Newt Gingrich in 1994, DeLay began his ascent through the Republican leadership. It was then he launched a much publicized effort to dramatically cut back the enforcement power of the federal regulatory agencies.

DELAY (FROM TAPE): A critical promise we made to the American people was to get government off their backs! And the EPA, the Gestapo of government, has pure and simply been one of the major clawholds the government has maintained on the backs of our constituents.

DAVID BRANCACCIO: Given DeLay's loathing of government, many businesses are eager to write checks to fundraising groups run by DeLay. And there's an additional benefit: The groups DeLay runs are almost exclusively focused on helping more pro-business candidates get elected to Congress. So by giving money to DeLay, business interests are able to put friendly faces in Congress.

LOU DUBOSE: You know, in politics, it is important to be lucky. He was elected at the time that the principles he holds sacred, and that is that the best government is the most limited government, the principles he holds sacred began to generate revenue. Because the business community saw that here's a vehicle by which we can get government off our backs.

DAVID BRANCACCIO: DeLay has even gotten business that aren't so friendly to open their wallets. He once rated lobbyists based on how much their industries gave to the Republican Party. Afterward, he called they lobbyists into his office to show them their place on the list. When asked about it, DeLay reportedly replied, "I want to know who my friends are and who my enemies are." And when asked what his "friends" received in return, DeLay replied "Good government."

LOU DUBOSE: He sat lobbyists down with him in his office in '95 when the Republicans took over and said, "Look, you're on the wrong list. You're contributing to Democrats. You have to adjust your giving." Pretty close to extortion. Right at the edge of the line. And he's a master at it.

DAVID BRANCACCIO: In one notable episode DeLay retaliated against one of Washington's biggest trade groups. Back in 1998, DeLay wanted the electronics industry to hire a lobbyist friendly to Republicans. Congressman Barney Frank remembers when the industry chose a well-known Democrat instead.

BARNEY FRANK, D-MA: They were mad that the American Electronic Association was going to hire a former Democratic Congressman, David McCurdy, instead of a Republican.

DAVID BRANCACCIO: Calling it an "insult," DeLay blocked a piece of legislation regarding the internet in order force the association to back down. The incident proved so outrageous, even the notoriously sleepy House Ethics Committee rebuked DeLay.

BARNEY FRANK, D-MA: That kind of blackmail that doesn't belong in a democratic society.

DAVID BRANCACCIO: Another DeLay practice: keeping corporate donors anonymous. He's specialized in setting up fundraising groups that aren't required by law to disclose their contributors. And when pressed by the media, he refuses to answer — as

he did when this reporter from ABC News confronted him about who was paying for parties DeLay threw at the 2000 Republican Convention in Philadelphia.

ABC'S BRIAN ROSS: Can you tell us the names of corporations?

TOM DELAY: There's so many, I can't even start.

ABC'S BRIAN ROSS: Just one or two.

TOM DELAY: There's so many, I really can't start.

ABC'S BRIAN ROSS: Your office says you'll never reveal those names.

TOM DELAY: That's right.

ABC'S BRIAN ROSS: Why not?

TOM DELAY: Because we don't have to.

DAVID BRANCACCIO: Now, those aggressive fundraising tactics have landed DeLay in hot water. Back in his home state of Texas, one of DeLay's organizations has become the focus of a criminal investigation. The allegation — that a DeLay group was secretly funding state elections, in violation of Texas law.

RONNIE EARLE, DISTRICT ATTORNEY, TRAVIS COUNTY, TEXAS: This is about an organized movement to basically steal an election by using illegal corporate secret donations to political campaigns.

DAVID BRANCACCIO: Ronnie Earle is the District Attorney for Travis County, Texas where the state capital of Austin is located. It's his job to prosecute election irregularities in Texas.

RONNIE EARLE: Texas law makes it a felony for corporations and labor unions to make political contributions to campaigns. The punishment is two to ten years in the penitentiary.

DAVID BRANCACCIO: Earle and his staff are investigating one of DeLay's political action committees called "Texans for a Republican Majority," also known as TRMPAC. It's accused of illegally using money from corporations to get candidates elected to state office.

Does your investigation extend all the way to the House Majority Leader of the US Congress, Tom DeLay?

RONNIE EARLE: The investigation extends as far as it needs to go to uncover the truth. That's our job. Whoever is guilty of a crime will be a target.

DAVID BRANCACCIO: TRMPAC was DeLay's brainchild. It set out to elect Republicans to the Texas State Legislature in a series of key races in the year 2002. To do that, TRMPAC raised 100's of thousands of dollars in corporate contributions.

When we hear the argument made, look corporate money gets mixed in with political activities all the time, everybody does it, what's your reaction to that argument?

RONNIE EARLY: Everybody doesn't do it. Everybody doesn't do it in Texas.

DAVID BRANCACCIO: Craig McDonald runs a watchdog group in Austin that tracks money in politics. He's also done some gumshoe work into the TRMPAC case, and is astonished by what he's found. TRMPAC, working with some other groups, supported several candidates. Together, the money they raised averaged over half a million dollars per candidate. That's six times the cost of a typical state house race in Texas.

CRAIG MCDONALD, TEXANS FOR PUBLIC JUSTICE: Right now-we think it might only be the tip of the iceberg-but right now, the allegations are that those three sources alone funneled 4.8 million, almost 5 million dollars into the Texas House elections.

DAVID BRANCACCIO: Clearly all of that money didn't hurt. Almost all the candidates DeLay's group supported won. And in 2002, for the first time in 130 years, Republicans took control of the Texas legislature.

CRAIG MCDONALD: Tom DeLay and TRMPAC got exactly what they wanted. They wanted to unseat the Democratic Majority and replace it with a Republican majority and a speaker candidate of their own. And they were successful. We contend they were only successful because they funneled millions of dollars of illegal contributions into the campaigns.

DAVID BRANCACCIO: So exactly how does McDonald believe DeLay's group broke the law? In Texas, political groups can accept corporate money, but can only spend it on "administrative" expenses to run their organization; they can't spend in on activities to help candidates get elected.

CRAIG MCDONALD: Administrative expenses would be paying the light bill. You can pay the light bill, but you can't pay your pollster. You can pay your accountant who's doing your books, but you can't pay your political director. You can pay the rent on the telephone on the desk of the administrator, but you can't pay for telephone banks.

DAVID BRANCACCIO: But look at what DeLay's group was spending money on. NOW has obtained a copy of TRMPAC's ledgers. It lists repeated expenditures of corporate money -- also known as "soft" money -- on seemingly forbidden activities. Here are two entries totaling almost \$100,000 to a company that did polling and "get out the vote" work. And here is a series of payments to professional fundraisers. One of the fundraisers frequently listed is Coastal Consulting — a company run by Congressman DeLay's daughter.

Were those fundraisers allowed to be paid from corporate money? One fundraiser on this list has told reporters even she thought it was wrong.

Cris Feldman is an attorney who specializes in Texas campaign finance law. He's filed suit on behalf of several of those who lost in the last election.

Corporate money for fund-raising. You scan down here...

CRIS FELDMAN: That, in and of itself, is a violation of the prohibition against the use of corporate funds in political races.

DAVID BRANCACCIO: And look at the brochure DeLay's group sent to pitch corporate donors. It lists Tom DeLay as head of TRMPAC's advisory board and states, quote, "Rather than just paying for overhead, your support will fund a series of productive and innovative activities," such as candidate recruitment, message development, and market research...according to Craig McDonald, a brazen list of just the sort of political activities prohibited by Texas law.

CRAIG MCDONALD: How do you explain that statement early on, if they didn't know they were bumping up the edge of the law? And we think they did more than bump up to the edge of it, they went over the line.

DAVID BRANCACCIO: How far over the line? There are also allegations the group laundered money. The claim? That Texans for a Republican Majority found a way to take illegal corporate money and give it to candidates using a middleman -- the national Republican Party in Washington, DC.

FELDMAN: What we have here is a check from the Texans for a Republican Majority to the Republican National Committee. What we also know is that this check was initially sent to Washington DC as a blank check, and that one of DeLay's operatives had a meeting with the RNC and then filled in the amounts to be transferred from Texans from a Republican Majority to the RNC. And it was for an amount of \$190,000.

DAVID BRANCACCIO: Only three weeks after TRMPAC gave that \$190,000 to the national Republican Party in Washington seven candidates in Texas supported by Tom DeLay's TRMPAC received checks from the party totaling exactly \$190,000.

FELDMAN: So \$190,000 in soft money went up and \$190,000 in seven different checks came back down

DAVID BRANCACCIO: It's quite striking that it's exactly the same amount.

FELDMAN: Yeah.

DAVID BRANCACCIO: They say it's a coincidence.

FELDMAN: I think there's a lot of coincidences down here these days.

DAVID BRANCACCIO: But why was Tom DeLay, a leader of Congress, so interested in state elections in Texas? In a word: redistricting. The state legislature draws up the map of federal Congressional districts. Draw the lines right and you can create districts that favor one party or another. Once the Republicans took over the Texas legislature, they revised the Texas map in a way likely to produce more seats in Congress for conservative Republicans.

That redistricting effort sparked a furious public outcry. You may even remember the news coverage of how some Texas legislators fled the state rather than go along.

But behind the scenes, people like Craig McDonald kept quietly sifting through TRMPAC's financial records. And when they got a closer look at who was giving to DeLay's group, they found one more thing.

MCDONALD: 75 cents of every dollar of that money came from a corporation that has no interest in Texas at all.

Consider these e-mails from a company called Westar, an electric utility based in, Kansas. In 2002, Congress was working on the energy bill; Westar wanted a provision inserted that would help the company. So Westar executives came up with a plan to give money to DeLay. But one executive wonders, "DeLay is from Texas, what is our connection?" Another responds, "DeLay is the House Majority Leader. His agreement is necessary before the House...can push the language we have in place."

MCDONALD: What explains most of the money we saw come into Texas through TRMPAC, through Tom DeLay's committee, is that these corporations wanted access to Tom DeLay. They didn't care about Texas politics.

DAVID BRANCACCIO: In the end, Westar gave \$25,000 to DeLay's group. The provision Westar wanted was put into the energy bill; it was later removed after a scandal erupted at the company which brought these e-mails to light.

Majority Leader DeLay has condemned the investigation into the TMPAC'S fundraising as "vindictive and partisan." District Attorney Ronnie Earle is a Democrat.

RONNIE EARLE: Well, I've been accused of political partisanship by everybody I've ever prosecuted. Since I've been district attorney, I've prosecuted four times as many Democrats as Republicans. But it's a common allegation. This is not about Democrats and Republicans. This is about cops and robbers.

DAVID BRANCACCIO: Back in Washington, Democrats and Republicans alike say DeLay has gotten results. DeLay has become a close ally of the president as both push for a pro-business agenda. "In Bush's policies, business wins," says THE WASHINGTON POST.

We asked for an interview with Congressman DeLay, his spokesperson declined. We tried to interview several close associates who run his fundraising network, including his group in Texas. They, too, declined or didn't return our calls. We also asked several Republican members of Congress to share their thoughts about Tom DeLay. Only one was willing to speak with us. Doug Ose says he considers Tom DeLay a friend.

CONGRESSMAN DOUG OSE (R-CA): We both share a concern about the security of the country. We both share a concern about keeping the economy vibrant and growing.

DAVID BRANCACCIO: But Ose's also an advocate of campaign finance reform. In 2002, Congress outlawed corporate money in national elections. That ban hit hard DeLay's national fundraising groups. So, Ose fears we're going to start seeing more corporate money flow into state elections, just like it did Texas.

DOUG OSE: It's like water. Water flows. It will find a crack.

DAVID BRANCACCIO: That was one of the criticisms of campaign finance reform, is that well, these guys will figure a way around it.

DOUG OSE: And they did. I mean people up here aren't stupid, I'm lower gene pool and I kind of sit in amazement at watching some of them because they are pretty damn smart.

DAVID BRANCACCIO: And Tom DeLay has been making news with yet another strategy. Celebrations for Children is a tax deductible charity established by DeLay, ostensibly to raise money for disadvantaged children. Instead, much of that money was earmarked to entertain Republican politicians at this year's convention in New York.

Take a look at the brochure for Celebrations For Children. It promises big donors private dinners with "majority leader and Mrs. DeLay," a "private yacht cruise with TD," and parties guaranteed to be "the hottest ticket" in town. Facing criticism, DeLay has since cancelled those plans, refusing any further comment. But at the last convention in Philadelphia, he had this to say:

TOM DELAY (FROM TAPE): Everywhere you go in politics, you're raising money in order to pay for the parties and the get togethers and conventions. And they're trying to make some cynical story about it, and it doesn't make sense, and the American people recognize it.

DAVID BRANCACCIO: But why even use a charitable organization to raise money to throw parties for Republicans? One reason — the donors remain anonymous. The public would never know which corporations are giving hundreds of thousands of dollars to get a private audience with Tom DeLay. District Attorney Earle in Texas says that kind of secrecy should be a call to arms.

DAVID BRANCACCIO: And someone watching in Wisconsin, in California, in Florida, should pay attention to what you're doing here?

RONNIE EARLE: Absolutely. In a democracy, we have a job to do. That's what we're called to do as citizens in a democracy, is pay attention to what our elected officials are doing and pay attention to what the corporations we do business with are doing. And when we don't pay attention, we lose our democracy. And there are people who would love to steal democracy and use it as a way to make money. That's the danger here.